Public financial management practices and own-source revenue by county governments in Kenya

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ABSTRACT :

This study aimed to assess the influence of public financial management practices and own-source revenue by county governments in Kenya. The New Public Management theory served as the anchor theory. Utilizing a positivism research paradigm and a descriptive design, the study analyzed the 11 best-performing counties for revenue generation in the 2022/2023 financial year. A sample of 284 county officials was selected through stratified random sampling, with data collected via structured questionnaires. The study found a moderate, positive, and statistically significant relationship between public financial management (PFM) practices and counties' own-source revenue (OSR) in Kenya (r = 0.555, p < 0.001), with an adjusted R^2 of 0.306 indicating that differences in PFM practices explain about 30.6% of the variation in OSR. This implies that enhancing the quality of PFM practices is associated with higher OSR, with measurable gains across OSR composition and diversification, collection efficiency and effectiveness, and overall OSR growth; in effect, a one-unit improvement in PFM corresponds to a significant increase in OSR. The study therefore recommends that county governments strengthen PFM by optimizing OSR strategies and automating revenue collection processes to maximize performance.

Keywords: Public financial management practices, own-source revenue, county governments in Kenya

INTRODUCTION

Globally, mobilization of own resource revenue by devolved governments has been enhanced by proper public financial management practices and the adoption of technology. For example, several developed countries, the United States of America, Chicago, Italy, Spain, Australia, and India, have expanded their revenue collection by deploying technology in their processes (CEICTM, 2018; Odanga, 2019). However, weaknesses in the mobilization of own-source revenue are also witnessed in some developed countries. De Paepe et al. (2017) presented case studies and revenue reports of Asian Countries, including China, Bangladesh, Pakistan, India, Nepal and Indonesia. The report shows that South Asian countries were performing poorly in domestic revenue mobilization compared to the peer countries except for China. There was a moderately slight increase in the revenue mobilized even with the enactment of tax reforms. One precise observation from Asian countries was that revenue mobilization had improved through the formation and execution of anti-corruption measures, exploring creative fund mobilization mechanisms, and capacity building and championing aggressive awareness programs for taxpayers (De Paepe, Hart & Long, 2017; Musleh, 2017). The decentralization of the central government roles in India brought about the outstanding contribution by being the engines of growth and attainment of social objectives like poverty alleviation, increased employment rate, reduction of economic inequalities and sustainable development (Committee of Experts on International Cooperation in Tax Matters, 2018).

According to Lawson (2015), the term Public financial management practices (PFMPs) are the strategies and techniques used by governments and public sector organisations to manage resources efficiently and effectively to achieve desired outcomes. The practices include resource creation, resource allocation, and spending and resource utilisation. CIPFA (2009) defines 'Public financial management practices (PFMP)' as the system that directs, controls, and influences the financial elements of public services' operations in order to promote the achievement of the sector's objectives. The term "public" in PFMP refers to the unique characteristics of financial management practices in the public sector. These include the increased emphasis on transparency and accountability, limited resources due to demand levels that are not primarily influenced by price, and the influence of the political environment. Values drive the process of resolving conflicting resource needs rather than being a purely technological solution. Additionally, there exists a distinct set of procedures that are exclusive to the public sector, such as tax administration. The administration of finances in the public sector is fundamentally distinct from that in the private sector, despite the existence of some shared professional standards and procedures (CIPFA, 2009).

Own Source Revenue (OSR) has been defined as the local revenue generated by and for the county governments given their expanding budgetary and service delivery needs (Qanchora, 2021). Chigwata (2017) defines OSR as a source of revenue at the disposal of local government including property tax, user charges, fees and fines. Inam (2020) defines OSR as the money created by governments internally to support their own growth and sustainability. Own source income refers to all forms of revenue that are created and managed at the local level, within the jurisdiction of local self-government entities, in accordance with the relevant laws (IMF, 2021). Therefore, in this study, OSR refers to cash or income that are created domestically, such as via taxes, user charges, fees, and penalties, to support the functioning of county governments in managing their local matters. Self-generated income has enabled several authorities in sub-Saharan Africa (SSA) to maximise their tax earnings (De Mooij et al., 2020).

In Kenya, Own Source Revenue has contributed to thirteen percent (13%) of the county's revenue in the first three years of devolution while transfers from the national government contributed to over eighty-four percent (84%) (Development Initiative, 2018). County Own Source Revenue Report (2019) indicated that only 11 out of forty-seven (47) counties can finance more than 10% of their overall budget which implies that most of the county governments finance close to 90% of their budgets through National Government transfers to county governments (CRA, 2022). These are indications that the majority of Counties lack principal legal frameworks to support revenue collection and management (Kenya National Treasury, 2017). The County Government of Kenya Act 2012 and the Public Finance Management Act 2012 guide local resource mobilization. Furthermore, the National policy on own-source revenue also guides revenue administration at the county level (Un-Habitat, 2014).

Statement of the Problem

The According to a report by Commission on Revenue Allocation (2023), it indicated that out of forty-seven (47) counties in Kenya only Eleven (11) counties can finance more than 10% of their overall budget which implies that most of the county governments finance close to 90% of their budgets through National Government transfers to county governments (CRA, 2023). Many counties collect less own source revenue than their potential, which is unsustainable and prevents them from meeting their growing expenditures (CRA, 2023). County own source revenue stood at 8% from own sources such as fees, licenses, levies, cess, business permits and property income during FY 2022/23 compared with 9% of total receipts in FY 2021/22 (CRA, 2023). Today, most county governments have not been able to mobilize resources effectively resulting to under development and poor service delivery that do not meet citizens'' expectations, with key services such as health care, water, sanitation, education, and agricultural extension services remaining dismal (Kimutai, 2017).

The 2022–2023 report from the National Treasury identifies various obstacles to generating revenue within Kenyan counties. Some of these problems are; unclear ways to predict revenue, old valuation rolls, bad structures for managing revenue, interference from political groups, the lack of tariff and pricing policies, and not enough resources for the public to be involved in legislative processes (National Treasury & Planning, 2024). Therefore, there was need to undertake the study on public finance management practices, technological infrastructure, the governance framework, and the sources of revenue used by county governments in Kenya.

Research Specific Objectives

(i)   To assess the influence of public financial management practices and own-source revenue by county governments in Kenya.

II.LITERATURE REVIEW

2.1 The New Public Management (NPM) Theory

New Public Management (NPM) Theory was advanced by Christopher Hood (1991). The Theory presents a set of administrative policies which dominated the civil service reform agenda in many Organisations for Economic Co-operation and Development (OECD), countries. This term was first introduced by academics in the UK and Australia to describe the approach developed during the 1980s, as part of an effort to make public services more straight forward and to improve its efficiency by using a private sector management model. New Public Management (NPM) is generally seen as an approach in public administration that applies knowledge and experience gained in the world of management and other disciplines to improve the efficiency and effectiveness of public service performance in modern bureaucracies (Indahsari & Raharja, 2020).

The New Public Management (NPM) Theory postulates seven principles to govern the NPM approach to organisational management. These include adoption of private sector-style of management practices which is business-like, development of a strategic plan with clear outline of the vision, strategic objectives and activities, formulation of a strong policy framework to guide the implementation of the strategy, development of a strong monitoring and control system to ensure effective implementation of the strategy, establishment of proper performance management system to facilitate effective measurement of performance results against the predetermined outcomes, a shift from a centralized system of governance to a decentralized structure of governance which will ensure increased flexibility and eliminate bureaucratic bottlenecks, and an emphasis on performance-based assessment of outsourced goods and services exercise greater fiscal discipline on the use of public resources to effects and efficiency in providing public service to the citizens (Indahsari & Raharja, 2020).

2.2 Public Choice theory

The Public choice theory is a branch of economics that developed from the study of taxation and public spending. It emerged in the fifties and received widespread public attention in 1986, when James Buchanan, one of its two leading architects (the other was his colleague Gordon Tullock), was awarded the Nobel Prize in economics (Mueller, 2019). As early as 1651, English philosopher Thomas Hobbes laid the groundwork for what would develop into public choice theory when he argued that the justification for a political obligation is that since people are naturally self-interested, yet rational, they will choose to submit to the authority of a sovereign government to be able to live in a stable civil society, which is more likely to allow them to fulfill their interests (Hobbes, 1651). The influential eighteenth-century German philosopher Immanuel Kant wrote that for any action to have moral worth, it must be undertaken out of a sense of duty. According to Kant, actions taken out of self-interest—selfish benevolence—simply because they make the individuals taking them "feel good" about themselves, preclude the possibility of those actions having any moral value (Kant, 1785).

Public choice takes the same principles that economists use to analyze people's actions in the marketplace and applies them to people's actions in collective decision making. Economists who study behavior in the private marketplace assume that people are motivated mainly by self-interest. Although most people base some of their actions on their concern for others, the dominant motive in people's actions in the marketplace—whether they

are employers, employees, or consumers—is a concern for themselves. Public choice economists make the same assumption—that although people acting in the political marketplace have some concern for others, their main motive, whether they are voters, politicians, lobbyists, or bureaucrats, is self-interest. In Buchanan's words the theory "replaces... romantic and illusory...notions about the workings of governments [with]... notions that embody more skepticism" (Buchanan, 1986).

The relevance of Public Choice Theory in this study lies in its ability to provide a theoretical framework to understand and explain the decision-making processes of county governments in Kenya. By considering the rational behavior and self-interest of individuals, as well as the role of institutions and collective action, the theory can help identify the factors that influence public financial management practices, governance frameworks, technological infrastructure, and own source revenue generation. This understanding can inform policymakers and stakeholders in developing more effective strategies and policies to enhance public financial management and governance practices at the county level in Kenya.

2.3 Public financial management practice and own-source revenue collection

The study conducted by Taek, Djhamhuri, and Baridwan (2020) provides a comprehensive examination of local own-source revenue management within the Belu District government in Indonesia, employing a phenomenological approach to capture the lived experiences of the State Civil Apparatus involved in this process. Utilizing the interpretive paradigm and the Husserlian phenomenology framework, the researchers aimed to delve into the subjective interpretations of informants regarding their roles in managing Regional Original Revenues, which encompass regional taxes. The findings reveal that these officials perceive their responsibilities as integral to the effective management of local revenue streams, highlighting the significance of public financial management practices in enhancing revenue generation. This study serves as a foundational reference for exploring similar dynamics in the context of county governments in Kenya, where the impact of public financial management practices on own-source revenue is also under investigation. By drawing parallels between the two contexts, the research underscores the critical role of effective revenue management strategies in achieving financial sustainability and accountability within decentralized governance structures.

The study conducted by Pagarra (2023) investigates the challenges faced in public sector innovation aimed at enhancing local own-source revenue in Makassar City, Indonesia. This revenue encompasses various components, including regional taxes, levies, and the management of regional assets. Employing qualitative data collection methods such as observations, interviews, and documentation analysis, the research reveals that the regional revenue department has initiated innovation programs, notably through the implementation of integrated and digitalized tax applications designed to improve tax collection efficiency. However, the study identifies significant barriers to the successful execution of these innovations, particularly the insufficient training and technical guidance provided to employees. This lack of support hinders the effective adoption of innovative practices within the public sector. Consequently, the study underscores the critical need for enhanced training and guidance to cultivate a culture of innovation, thereby facilitating improved revenue generation and management in local government operations.

The study conducted by Ochuodho and Ngaba (2020) investigates the impact of several key factors on financial performance in Kisumu County, Kenya. Specifically, the research focuses on the Integrated Financial Management Information System (IFMIS), revenue diversification, internal control, and employee motivation. The study involved 49 senior revenue administration officers from seven sub-counties, utilizing questionnaires for data collection. The analysis employed descriptive statistics, content analysis, and Pearson correlation analysis to interpret the data. The findings of the study reveal that the effective implementation of the IFMIS, along with revenue diversification, strong internal controls, and motivated employees, significantly enhances revenue collection performance. This suggests that these elements are crucial for improving financial outcomes within the county government context. Moreover, the study recommends expanding the research scope to include 11 counties to further explore the effects of public financial management practices on own-source revenue generation by Kenyan county governments. This broader approach would allow for a more comprehensive understanding of how these practices influence financial performance across different contexts, potentially leading to more effective strategies for revenue enhancement in the public sector.

III. RESEARCH DESIGN AND METHODOLOGY

3.1 Research philosophy

This study used positivist philosophy to effectively accomplish its aims. Positivism was the most appropriate technique for this research due to the following reasons: the study was hypothesis-driven, and this methodology aligned well with the principles of positivism. The study used survey methodology to effectively reach a diverse and geographically dispersed population. Positivism is suitable for assessing the reactions of a substantial number of subjects, namely the chosen county government officials, who serve as officials and representatives of the broader population of county government management. The study used quantitative methods for collecting and analysing data (Saunders et al., 2014).

3.2 Research Design

Research design, as defined by Rubi and Babbie (2011), is the systematic arrangement of frameworks to establish causal relationships in quantitative research. This study adopts a cross-sectional survey design, ideal for determining the prevalence of a phenomenon at a specific point in time (Kumar, 2014). This approach efficiently collects data from a large sample using a single questionnaire, ensuring consistency and reducing bias (Bhattacherjee, 2012). This study aims to determine the effect of strategic leadership, digital transformation, government regulations, and insurance penetration in Kenya. The cross-sectional survey design will provide insights into the prevalence of these factors and their associations, informing future research and recommendations. Focusing on a single organisation, the cross-sectional approach will examine multiple variables simultaneously. By administering a

structured questionnaire to key stakeholders within the insurance industry, data will be collected on strategic leadership, digital transformation, government regulations, and insurance penetration, revealing their prevalence, associations, and potential impacts.

3.3 Target Population

Population refers to a group of individuals, objects, or cases with observable features from which the researcher generalizes the study findings (Bhattacherjee, 2012). The unit of analysis in study was the eleven (11) county governments in Kenya and was drawn from the Auditor General report (GoK, 2023) as presented in Table 3. The target population was 983 county officials that consisted of 884 accounting officers and 99 directors from county treasuries in 11 counties: Nairobi, Mombasa, Kisumu, Kiambu, Nakuru, Narok, Machakos, Kakamega, Laikipia, Uasin Gishu, and Meru County. These were the top eleven counties in local revenue collection during 2022/2023 financial year as per the report of the Office of Controller of Budget.

3.4 Sample Frame and Sampling Technique

According to Kothari (2004), it defines a sampling frame as a list of population from which a sample is drawn. It is the source material or device from which list of all elements within a population that can be sampled is drawn and may include individuals, households or institutions. It's a published list with a set of directions for identifying a population (Zikmund et al., 2013). A sampling frame facilitates formation of a sampling unit that refers to one member of a set of entities being studied which is the material source of the random variable (Bailey, 2008). For this study, the sampling frame was drawn from the lists of accounting officers and directors in county treasuries obtained from the human resource departments of the respective county governments.

A sample is a subsection of the target population used in a study to represent the entire population (Fowler and Lapp, 2019). Quantitative studies typically use probability sampling, while qualitative studies often use non-probability techniques. The sample size is the number of individuals or units included in a study, chosen based on the study's objectives, population makeup, accuracy level, anticipated reaction rate, number of variables, and whether it's a quantitative or qualitative study. For this study, the sample size of the study was determined using Yamane (1967) formula, as follows.

$$n = \frac{N}{1+Ne^2}$$

Where: n is the sample size; N is the population size - 983; e is the margin error – 5%. Thus, n=

$$\frac{983}{1+983(0.05)^2} = 284.31 = 284$$

The final sample size of the study comprised of 284 participants

Stratified proportionate random sampling was employed to select the respondents for each county from the four categories (stratas) of county respondents for this study. The four categories (stratas) are the County Assembly, County Public Service Board, Chief Officers and County Directors. Stratified sampling divides the population into subgroups that are more homogeneous than the entire population (Creswell, 2014). The subgroups are also called strata and selection is normally undertaken from each individual stratum (Creswell, 2014). Proportionate sampling was used to proportionally allocate specific number of participants in each county and then apply random sampling to select 284 county respondents proportionally allocated in each category from the eleven (11) counties who participated in the study.

3.5 Data Collection Instruments and procedures

Data collection is a process of gathering specific information to prove or refute facts in a study (Kombo & Tromp, 2011). A review of the literature revealed that self-administered questionnaires, interviews and focus group discussions were the most frequently used data collection methods. Data was collected from primary sources. Primary quantitative data was collected by using structured questionnaires. The questionnaire was guided by the study objectives. The closed questions were answered using a 5-Point Likert scale where (5- Strongly agree, 4- Agree, 3 – not sure, 2- Disagree, 1- strongly disagree). The most positive got five points and the most negative one point. The questionnaires were administered by the researcher and research assistants using a google forms for the target group. The period given for collecting the filled questionnaires was set to two and three weeks.

3.6 Pilot

According to Cooper, Schindler and Sun (2006) pilot test is used to establish the accuracy and appropriateness of the research design and instrumentation. This was informed by the fact that the results of the current research should remain reliable and valid as much as possible. The study used 21 county treasury officials from Uasin Gishu County government to carry out the pilot study of which these are part of the sampled respondents. This study adopted 10% of the sample size. According Hertzog (2008), pilot studies typically utilize a sample size between 1% and 10% of the total sample size intended for the full study.

3.6.1 Reliability

Reliability is the consistency of measurement of the degree to which a measurement is free of random or unstable error (Cooper & Schindler, 2014). Testing reliability in research is essential in establishing the quality of the study (Kapoulas & Mitic, 2012). The purpose of reliability is to minimize biases in the study. Reliability focused on the degree to which empirical indicators were consistent across two or more attempts to measure the theoretical concept. A high measure of reliability implies that if future researchers were to undertake the research process independently, they would obtain similar results (Saunders, et al., 2014). For measuring reliability, the study used Cronbach Coefficient (Alpha value) to evaluate the internal consistency of the data collection tool. Cronbach alpha is considered the most important reliability index and considers the number of variables/items of the instrument, and the correlation between the variables. The range of values is between 0 and 1.0. A low value of alpha could be due to a low number of questions, poor interrelatedness between items or heterogeneous constructs. A Cronbach's coefficient of greater than 0.7 suggests that the instrument is accurate in measuring the variable Thao et al., 2022). This study adopted Cronbach's coefficient of 0.7 and above.

3.6.2 Validity

Saunders, Lewis, and Thornhill (2019) assert that the validity of a study is influenced by the measures employed and the precision of the research instruments. In quantitative research, validity refers to how effectively a measurement tool fulfills its intended purpose (Thatcher, 2010). Conversely, in qualitative research, it involves the process by which a researcher confirms the authenticity of the findings (Creswell, 2013). Content validity pertains to how well the instrument addresses the subject matter under investigation. To ensure this, the study's test items were reviewed by experts, including research supervisors, financial colleagues, and specialists in public finance management. A comprehensive literature review was also conducted to examine the relevant variables, serving as a method to validate content.

To evaluate the construct validity of the instrument, factor analysis was conducted on the variables. According to Othman et al., (2019) construct validity refers to how well a test measures the intended variable. Following the recommendations of Koh and Nam (2005), Principal Component Analysis (PCA) was performed with varimax rotation. Items with cross-loadings less than 0.30 were discarded, while those meeting the minimum threshold were deemed acceptable for inclusion in the study. The factor analysis produced several statistical outputs, including the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy, Bartlett's Test of Sphericity, total variance explained, and the rotated component matrix.

3.7 Diagnostics Tests

Analysis of diagnostic test involved a test for the assumption of Classical Linear Regression Model (CLRM). This ensured that data collected is within the acceptable parameters of linear regression. The four assumptions tested include, normality, multicollinearity, heteroscedasticity and linearity tests.

3.8 Model for the Study

An empirical model was employed to test the statistical significance of the relationship between public finance management practices and own-source revenue collection by county governments in Kenya. To facilitate the application of the regression model, weighted averages of the four constructs for the independent variable was computed using the following equation:

$PFMP = \sum(W1+W2+W3+W4)/4$…………………………………………………………………….i

Where:

PFMP = public finance management practices variable (Composite index of Financial Planning Practices, Internal Control Practices, Public Finance Procurement Practices and Revenue Mobilisation Practices)

The regression model for the study;

$OSRC = \beta_0 + \beta_1 PFMP + \varepsilon$……………………..……………….. (1)

Where:

OSRC = own source revenue; PFMP = public finance management practices; β_0 = Constant; β_1= Beta coefficients; ε = Error term.

IV. RESEARCH FINDINGS AND DISCUSSIONS

4.1 Demographic Characteristics

The demographic profile presented in Table 1 reveals critical insights about the respondent composition in this study examining public financial management practices, technological infrastructure, governance framework, and own source revenue generation in Kenya's county governments. The experience profile demonstrates a workforce with moderate to substantial tenure in county government operations. The majority of respondents (52.2%) possess 6-10 years of experience, which is particularly significant given that Kenya's devolved system of governance was implemented in 2013.

Table 1: Demographic characteristics

Demographic Profile		Frequency	Percentage
Experience of Respondents	1-5 years	95	37.8
	6-10 Years	131	52.2

Demographic Profile		Frequency	Percentage
	10 Years and above	25	10.0
	1-5 years	95	37.8
Level of Education	Post-secondary Certificate	82	32.7
	Bachelor's Degree	112	44.6
	Master's Degree	53	21.1
	Doctorate or PhD	4	1.6
Respondent Designation	Member of County Assembly	169	67.3
	Public Service Board Member	16	6.4
	Chief Officer	31	12.4
	Director	35	13.9

The educational profile reveals a highly qualified respondent pool, with 68.4% holding at least a bachelor's degree, significantly exceeding basic qualification requirements for most county government positions. e presence of 21.1% with master's degrees and 1.6% with doctoral qualifications suggests access to respondents with advanced analytical capabilities who can provide sophisticated insights into governance frameworks and technological infrastructure challenges.

The designation distribution reveals a strategic sampling approach that captures multiple governance levels within county governments. The predominance of Members of County Assembly (67.3%) is particularly significant as MCAs constitute the legislative arm responsible for oversight, budget approval, and ensuring accountability in public financial management. Their majority representation ensures that the study captures perspectives from those directly involved in scrutinizing county budgets, approving supplementary budgets, and monitoring revenue collection performance. The inclusion of Chief Officers (12.4%) and Directors (13.9%), who form the technical backbone of county executive functions, provides operational insights into the actual implementation of PFM practices, technological systems, and revenue collection mechanisms

4.2 Hypothesis Testing

4.2.1. Effect of public financial management practices on own-source revenue collection
This section addresses the research purpose of the study, which was to evaluate the impact of public financial management practices on own-source revenue among county governments in Kenya. This goal was achieved through a systematic analysis of the proposed hypotheses in the following way:
Ho_1: There is no significant relationship between public financial management practices on own-source revenue by county governments in Kenya.
The use of basic linear regression, which produced the regression coefficients, coefficient of determination (R^2), analysis of variance (ANOVA), and model coefficients, allowed for the evaluation of the hypothesis' statistical significance. The examination included assessments of goodness of fit in terms of overall significance, individual significance, and diagnostic testing. The aforementioned results are shown in table 2, table 3 and table 4.

Table 2: Model summary public finance management practices and own-source revenue collection

R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
.555[a]	.308	.306	.46890	.308	111.076	1	249	.000

a. Predictors: (Constant), Public Finance Management Practices

The model summary results presented in Table 2 provide important insights into the relationship between public finance management practices and own-source revenue collection. The analysis employs a regression model to assess how well public finance management practices predict variations in own-source revenue collection. The correlation coefficient (R) is 0.555, indicating a moderate positive correlation between public finance management practices and own-source revenue collection. The R Square value of 0.308 suggests that approximately 30.8% of the variance in own-source revenue collection can be explained by public finance management practices. This indicates that while public finance management practices play a significant role in influencing revenue collection, other factors may also contribute to the remaining variance. Furthermore, it can be concluded that the remaining 69.2% of the variations in own-source revenue may be due to factors not included in the current model.

Table 3: ANOVA public finance management practices and own-source revenue collection

	Sum of Squares	df	Mean Square	F	Sig.
Regression	24.422	1	24.422	111.076	.000[b]
Residual	54.747	249	.220		

Total	79.170	250

a. Dependent Variable: Own source revenue

b. Predictors: (Constant), Public Finance Management Practices

The ANOVA results presented in Table 3 provide critical insights into the relationship between public finance management practices and own-source revenue collection. The ANOVA results suggest that public finance management practices significantly influence own-source revenue collection in county governments. The high F-statistic (F = 111.076) and the significant p-value (p =< 0.05) indicate that improvements in public finance management practices lead to increased revenue collection. This finding underscores the importance of effective financial management strategies in enhancing the financial sustainability of county governments in Kenya.

Table 4: Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
(Constant)	1.447	.275		5.272	.000	.907	1.988		
Public Finance Management Practices	.651	.062	.555	10.539	.000	.529	.772	1.000	1.000

a. Dependent Variable: Own Source Revenue

The coefficients presented in Table 4 provide critical insights into the relationship between public finance management practices and own-source revenue collection. This regression analysis helps to quantify the effect of public finance management practices on the ability of county governments to generate own-source revenue collection. The analysis revealed that public finance management practices is statistically significant at the individual level, as indicated by the results presented in Table 4 (β = .651, t =10.539, p-value <= 0.05). This indicates a positive correlation between public finance management practices and own-source revenue by county governments in Kenya. Specifically, for every one-unit increase in public finance management practices, there is an associated increase of 0.651 units in the own-source revenue by county governments in Kenya, assuming that all other variables remain constant. Based on the results presented in Table 30, the regression model equation can be formulated as follows: **Y=1.447 + 0.651X** where Y represents the own source revenue, and X represents public finance management practices.

Own Source Revenue=1.447+0.651×Public Finance Management Practices.

The positive correlation suggests that improvements in public finance management practices are likely to enhance own source revenue. In summary, the findings from this study provide empirical evidence that public finance management practices significantly influences the own-source revenue by county governments in Kenya. As a result, the null hypothesis (Ho_1), which stated that there is no significant relationship between public financial management practices on own-source revenue by county governments in Kenya, was rejected. Therefore, the researcher concluded that Public Finance Management Practices does indeed have a significant effect on the own-source revenue by county governments in Kenya.

4.2.2 Results discussions

The findings of this specific research were based on the null hypothesis, which posits that there is no significant relationship between public financial management practices on own-source revenue by county governments in Kenya. Using a simple regression mode, the correlation analysis results established there existed a moderate positive significant correlation of r=0.555 and p-value<0.000 between public financial management practices and wn-source revenue by county governments in Kenya. The adjusted R-square (R^2) for this relationship was determined to be 0.306, suggesting that project planning explains 30.6% of the variations in the own-source revenue by county governments in Kenya. The research findings indicate a robust positive and statistically significant association between public financial management practices and own-source revenue by county governments in Kenya. The findings of this study align with the research conducted by Munyambonera and Lwanga (2015) that provided a thorough evaluation of the public financial management (PFM) reforms implemented by Uganda's Ministry of Finance since the fiscal year 2012/2013. The key reforms included the establishment of a Treasury Single Account, enhancements to the Integrated Financial Management System and the Integrated Personnel and Payroll System, as well as improvements in wage and payroll management, budget formulation, implementation, monitoring, and reporting. The findings indicated that these key PFM reforms have not only improved the management of public expenditures but have also contributed to greater accountability and a reduction in the overall wage bill across all Ministries, Departments, and Agencies, thereby fostering a more efficient and transparent public financial management environment in Uganda.

Accordingly, the study findings which led to the rejection of the null hypothesis established that own-source revenue by county governments in Kenya was significantly and positively influenced by Public Finance management practices. This is evident from the findings that there was moderate positive correlation between public financial management practices and own-source revenue collection. Effectively, this means that an enhancement in the quality of public financial management practices will increase own-source revenue by county governments in Kenya. The study therefore established that public financial management practices moderately but positively impacts the increase in own-source revenue by county governments in Kenya in

several areas namely; OSR Composition, OSR Diversification, OSR Collection Efficiency, OSR Collection Effectiveness and OSR Growth. This confirms a statistically significant positive effect of that variation in own-source revenue can be explained by a unit change in public financial management practices on own-source revenue by county governments in Kenya hence the basis for rejection of the null hypothesis (H01) that there is no significant relationship between public financial management practices on own-source revenue by county governments in Kenya.

These results are in line with Ochuodho and Ngaba (2020) investigations on the impact of several key factors on financial performance in Kisumu County, Kenya. Specifically, the research focuses on the Integrated Financial Management Information System (IFMIS), revenue diversification, internal control, and employee motivation. The findings of the study reveal that the effective implementation of the IFMIS, along with revenue diversification, strong internal controls, and motivated employees, significantly enhances revenue collection performance. This suggests that these elements are crucial for improving financial outcomes within the county government context. This similar to the current study that the positive correlation public finance management practices and own source revenue suggests that improvements in public finance management practices are likely to enhance own source revenue. In summary, the findings from this study provide empirical evidence that public finance management practices significantly influences the own-source revenue by county governments in Kenya.

5.0 CONCLUSIONS AND RECOMMENDATIONS

The study assessed the relationship between public financial management practices on own-source revenue by county governments in Kenya. In conclusion, the study shows a strong positive correlation between public financial management practices and the increase of own-source revenue for county governments in Kenya. Respondents widely recognize the effectiveness of these practices, especially in optimizing revenue strategies. The findings emphasize the critical importance of automated revenue collection in boosting efficiency and transparency, alongside the significant roles of Integrated Development Plans, stakeholder engagement, and compliance with public procurement regulations in fostering trust and accountability.

The study recommends that county governments in Kenya enhance their public finance management practices by focusing on the optimization of own-source revenues and the automation of revenue collection processes. Given the positive perceptions regarding these efforts, counties should invest in advanced technology solutions to streamline revenue collection and improve efficiency. Additionally, the County Integrated Development Plan should be utilized more effectively as a primary planning document, ensuring that it incorporates community input to foster inclusivity and transparency. Strengthening the roles of Audit Committees and ensuring strict adherence to public procurement and asset disposal regulations will further enhance governance and compliance. Finally, continuous training and capacity-building initiatives for financial management personnel should be prioritized to maintain high standards of integrity and accountability in financial processes. By implementing these recommendations, county governments can build on the positive perceptions identified in the study and significantly improve their public finance management practices.

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